

NEW TRENDS IN HUMAN RESOURCES MANAGEMENT

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Abstract: *In a world where there are human resource managers, and with which they are closely related is constantly changing, creating new trends and issues that require consideration. Before managers is usually a large selection of ways among which they can consider new ideas and new circumstances, but those ways are often problematic.*

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RESPONSE TO THE GROWING COMPETITION

The most important novelty with which, in the modern environment, human resource managers meet is concerned with appropriate relationships with the growing competition in the market. The first reaction of most is simply to maintain the constant price falling. This entails a small number of people, so the whole human resources organizations facing the need to eliminate certain positions and to develop new ways of intensifying the work itself. In addition, it may include maintenance of the wages level at market value or below that level. Regarding the latter, finding and retaining the workforce becomes more difficult, and even harder to maintain the motivation and commitment. However, – in the longer term, depending on the nature of competition with which the organization is facing - this may be the best way to preserve the remaining jobs. If the reduction process does not go too far and to the detriment of the organization, such an approach is acceptable.

Reduction of prices and costs, however, is not the only possible approach. Alternative can be competitive on other grounds, but the cost for customers may be higher than the price of some competitors, but to offer a greater value and quality products. The result is the production of goods and services of „higher values“ that attracts with its high quality and therefore a novelty in some shape or form. In such situations, there is still a need for efficient work, but the constant pressure to reduce costs when it comes to employees is smaller. There is also a need to find and, later, to motivate highly qualified employees.

Whatever way it is chosen, there is a clear need for development, greater flexibility, and skills than before. Whether to accept the strategy of „lower prices“ or „higher value“, there must be fundamental changes in the expectations of employees when it comes to the roles they perform and what their organization can offer in return. Widespread development is therefore based on the change of what is called „psychological contract“ between employers and people they employ. While a formal contract of employment encompasses conditions of employment, agreements on compensation, and ground rules in an employer - employee relation, psychological contract is more for generalized expectations, i.e. what one party receives from the other. The changes in this area are without doubt some of the most important changes in employment in recent years as organizations are faced with increased competitive pressure. The most important of these changes is the expectation of long-term cessation of employment or employment

for life. The old psychological contracts may be, from the perspective of the employee, presented as follows:

„I will work and faithfully relate to my employer. In return, I expect to keep me as a worker, provided that I do not work against the interests of the organization. I also expect that the opportunity to advance, if circumstances permit, to be given to me.“⁴⁷

In contrast, the new psychological contract has the following form:

I will try in my work and be creative. In return, I expect a salary that matches my contribution, as well as market value. While our relationship may be short term, I will stay in the organization as long as I am able to indicate the improvements that I need to advance my career.⁴⁸

INTERNATIONAL AFFAIRS MANAGEMENT

As noted above, a major cause of increased competition in recent years is the growth of global economy. Most organizations today have to compete, to some extent, with competitors from other countries. If a company is not a major exporter, it mainly faces competition from foreign organizations that export goods and services to the domestic market. A particular challenge is placed on organizations located in formerly industrialized countries by competitors with lower basic prices in recently industrialized areas. An important consequence of globalization is the increase in the number and size of multinational organizations. As a result, an increasing percentage of HR professionals working in organizations that owned and controlled by someone from abroad, or in the local organizations with a foreign power is obvious.

First, because of the large institutional differences between countries around the world, one cannot always work the same way, because there are different tax rates, as well as various training and qualification systems. Above all, the power of the different systems of law on the employment of which the organization requires to operate is different in different locations. In some countries, for example, collective agreements are legally binding, while in others (including Britain) are „binding“ only by conscience. There are also vast differences in the law on dismissal and discrimination. In the United States doctrine of „employment at will“ refers to the fact that, by statute, there is a weak protection of people who consider themselves unfairly dismissed. In the UK, there is some sort of protection for some, but not all, while in the Netherlands, employers can fire someone formally only with the permission of state officials.

In addition to institutional constraints, there is a need to consider cultural differences. As demonstrated by some authors in this field, the way different people approach work and relationships in the workplace may differ significantly from state to state. Therefore, approaches that seem quite natural in one place often go bad when applied outside of that place. A good example is the standard Anglo-Saxon approach to assess the results of the annual reports in which managers and their subordinates openly talk about what that individual achieved and how to improve the work. In terms of impact on the work

⁴⁷ Toington D., Laura H. and Stephen T. „Human Resource Management“, Datastatus, Beograd, 2004

⁴⁸ Ibid

of individuals, the method of work assessment goes well in most organizations in the UK - but not in other countries.

In many States, this method simply is at odds with the prevailing cultural norms, managers, and employees who do not wish to speak to each other about such things. Therefore, it is necessary to establish a balance of global and local HR managers. Often on the area of human resources can be applied international strategy and with minor changes to develop a global philosophy of human resources. In contrast, the implementation at the local level must be quite different with respect to what corresponds to a given country.

NEW WAVE OF TECHNOLOGICAL INNOVATIONS

Progress in the field of information technology, telecommunications, biotechnology, and laser applications, often applied together – with organizations continue to open various possibilities, but at the same time, leads to problems. From the perspective of human resources, it is possible to define three different types of challenges that arise from the said progress. First, there are direct consequences of the manner in which organizational unit for human resources perform their work: the use of electronic mail and the Internet (computer connections within an organization) for communication and information field, the rise of the Internet as an important new way to recruit, develop online access to training and learning, the use of computer databases to store information about employees, and reports writing, application of computer technology on the usual tasks, such as human resources planning and administration in connection with payroll.

Secondly, the technology leads to general changes in the organization, changes in structure plan, business obligations, assigned tasks, and even the culture of the organization. Technological changes, thus lead to changes in the organization, demanding a reaction from the organizational unit for human resources. Recruitment and selection process must reflect the need for bringing people of different skills and qualities; manner and purpose of the training will often go in new directions, while at the same time dismissal may be inevitable. In some situations, technology can lead to radical changes in the short term, changing established ways of implementing the basic role of the organization. A good example is the revolution in publishing newspaper in the mid-eighties. Whatever the speed of development is of carrying out technology development, human resource professionals need to plan it and then implement it.

The third way in which technology development affects the operation of human resources management is the need to find new ways of managing employees who are engaged in research and development and whose job is to take advantages of technological development for the progress of the organization. They say that the nature of this work is basically different from the nature of work performed by others in the organization and that the common practice of managers is often inadequate. Following quote illustrates a given theory:

Principles of high expertise, unity of control and guidance, a clear division of labor and equality of responsibility and impact - related to problems of structuring business systems and information flow in a clear and always the same way. They seek the removal of common problems and facilitating productivity and control through a formal hierarchy of influence or through standardization activities and organizations that generate and manage to succeed in doing one and the same tasks day after day, as well

as in production, are not particularly able to successfully do something again, as in jobs in research and development area.⁴⁹

Topic of research conducted within the governing body of the R&D department reduces the need to move away from approaches that serve to increase the control of employers and tend to come at the cost of development of teams. Instead, there is a need for structures that support collaboration among individuals, and the sharing of ideas and knowledge.

BUSINESS IN ACCORDANCE WITH THE LAW

In recent years, profession that is related to human resources has to deal with the increasing number of laws related to employment. Prior to the 1970, with one or two exceptions, in the UK, there were no legal regulations on labor relations. Individual conditions of employment were given in employment contracts and collective agreements. The law not much interfered with, except for the provision of basic health and safety, the rights to modest fees and a general dismissal request sent to employers and employees to comply with the requirements set forth in the employment contract. Since 1970, the situation has completely changed. Individual employment contract remains in force and can be made in court if necessary, but a number of legal obligations that employers must meet is appended to it. The most important rights were introduced in the field of health and safety at work, equal pay, gender, and racial discrimination and groundless dismissal.⁵⁰

The extent to which human resources professionals and managers in general, need to recognize the increase in the number of regulations - remains, however, debatable. One approach, characteristic especially for those who work in smaller firms, is a radical challenge of the legislation. Accepting the motives behind it, the employees realize long-term effects of increasing employment costs, while reducing the flexibility that means a lot to managers in business management. This leads, first of all, the reluctance to create new jobs, as well as to aspirations of international organizations related to their jobs from other countries in which the control is smaller. For people who promote this way of thinking, rules provide greater social justice, but at the cost of higher unemployment ratio.

Another approach starts from the presumption that the pressure regulation on employers in the UK is much smaller than in most industrialized countries and that it is not widespread enough to have adverse consequences. Indeed, it is possible to determine that the laws on employment in the UK do not prescribe anything more than requirement that employers treat their employees fairly and correctly; so the good employers therefore have no reason to complain. Under the third approach, the labor law in the UK actually does not reach far, and would further, rather stronger legislation, be desirable. This claim rests on the belief that the United Kingdom globally can no longer compete with products and services at „small price - less added value“ because of competition from countries that are in the process of industrialization of countries from the former Eastern bloc. Instead, there is a need to develop workforce skills and that high activity is focused on producing quality goods and providing quality services, new

⁴⁹ Katz R., (ed) „The Human side of managing technological innovation: A collection of readings“. Oxford: Oxford University Press 1998.

⁵⁰ Torington D., Laura H. and Stephen T., „*Human Resource Management*“, Datastatus, Beograd, 2004

technologies and the development of knowledge economy. Requiring form employers to provide relatively high wages and prevent the firing of workers without good reason, the legislation emphasizes the direction towards the desired goal. The result is, at least it is claimed, the situation with a high degree of legal protection of jobs, in full accordance with the operation of a successful economy.⁵¹

DEALING WITH OR WITHOUT LABOR UNION

In many organizations, management can find a good reason for not recognizing the union. Especially in small firms there is reasonable desire to manage informal relationships among employees, rather individually than collectively. In other cases, the reason is based on fears that the unions will limit the freedom of managers' actions to resist the necessary changes, while also preventing them, or there will be a confrontation between employers and employees. There are, however, reasons why managers welcome, even encourage, the existence of unions:

Unions take many important functions related to management, which explains the fact that by a large number of foreign companies coming to the UK is readily accepted. One such function is the function of the agency, especially important when a lot of employees perform relatively similar duties: management avoids time consuming and expensive individual relationships with employees, and such as changes - they may be a huge problem. The second function of unions is an expression of dissatisfaction and complaints of employees. Third, and by many the most important, function performed by unions is to assist in reducing dissatisfaction with the legalization procedures and priorities of management.

From the standpoint of management, it is important to establish healthy and productive relationship with one or more unions to improve the success of the organization. Thanks to such thinking, in recent years there is increased interest in various forms of partnership agreements - which supports and encourages the government. A key factor distinguishing between partnership and traditional forms of relations with the unions is taking the position that works for both sides for the same ultimate goal. The role of trade unions isn't always opposed, but the support and contribution to the constructive and legitimate management initiatives. In turn, managers perceive union representatives as partners in decision-making, and staff as key factors for the future of the organization. Counseling is done before the publication of new programs, while other areas make decisions jointly. The partnership agreement does not limit the freedom of unions to criticize management, or to seek better conditions for employees, but imply that the representatives respect the right of managers to manage and accept that the ultimate goal of operating is a commercial success.⁵²

ETHICAL ISSUES

Human resource management has always had an ethical dimension. Strangely, the managers are so long tried to ignore this aspect, while theorists have expressed dissatisfaction because HR managers fail to create conditions for the aforementioned

⁵¹ Ibid

⁵² Sission K. and Storey J. „The Realities of Human Resource Management: Managing the Employment Relationship“, Buckingham: Open University Press, 2000

aspects. Thirty years ago it was possible to write a chapter in a book about personal entitled „The social role of personal“ and get reviews that are strongly oppose to the implicit premise that there is actually a social role for personnel managers in the business. Since then, there is increased interest in ethics, but it is not futile attempt of „fine“ people from the personal to act as the conscience of the company, but much more general interest in management.

In everyday practice, and when determining major policy issues and strategies, human resource managers are faced with ethical dilemmas. Such situations are typical for cases where there is any conflict between what is completely in the interest of the organization and what the individuals on the basis of their ethical principles consider „correct“. Interestingly, the lack of ethics often occurs because of the failure to work, but also because of solid and safe decision to move a certain way of business. Here are some examples:

The attitude of the organization on human resources issues can often be criticized on ethical grounds. Some of the recent changes can be viewed as changes that lead to a reduction in interest of one part of employers to do business ethically. Therefore, the pressure on people to work longer than usual, reducing the level of job security due to the increased pressure of competition and investment in new technology, which directly leads to job losses, could arise. Some forms of cultural changes can also be viewed as unethical, such as cultural change based on success in dealing with customers in a culture that is oriented only to the sale.

Therefore, people from the sector of human resources should vigorously advocate a combination of efficiency and fairness, bearing in mind that they cannot vigorously pursue if they are present when decisions are made. They must reach that they fellow coworkers respect them based on the total contributions, and to be prepared to accept the fact they will often get lost in the debate. In practice, it is necessary to build a solid business foundation for turning to the ethics whenever possible. The grounds will usually be based on long-established ideas of the above directions in the field of human relations; it will rest on the belief that business can maintain its competitive spirit only when employees are dedicated to its success and with voluntary commitment. In order to maintain good will and enthusiasm, the cooperation of employees, while attracting qualified candidates from outside the organization - a fair business, openness, and consistency to the people is necessary.⁵³

BEST PRACTICES VERSUS BEST FIT

Supporters of the „best practices“ view claim that there are certain practices of human resources and approaches to their application that continuously help the organization to gain an advantage over competitors. Therefore, there is a clear link between the activities of human resources and business efficiency, but the results will be maximal only if appropriate programs related to human resources are implemented. Recently, the use of different methodologies, many examples was published and they seem to support the concept of best practices. Although the apparent differences in the understanding of specific details, all the authors clearly state that the same basic package of human

⁵³ Marković L., „Selekcija i izbor menadžera“, Magistarski rad, Megatrend, Beograd, 2009.

resource practices, and general orientation of human resource management, aims to improve business efficiency in all organizations, regardless of the market strategy adopted. According to David Guestru, this occurs in several ways.

*Human resource practices implement their positive impact through: (1) ensuring and improving the competence of employees, (2) impacts on their motivation and commitment, (3) planning the work so that employees are encouraged to give their maximum at work. Borrowing elements of the theory of expectations, this model suggests that there should be three elements in order to reach the best results. Positive attitude of the employee should affect the level of the organization's performance, such as low levels of absenteeism, turnover rates of failure and vacancies, and the high quality and productivity.*⁵⁴

The main elements of „a best practices package“ by these and other authors mentioned, are those who have long been taken as examples of good practice in the field of human resources management. It include the use of advanced methods of selection, a serious commitment to employee involvement, a significant investment in training and development, the use of individual reward system and harmonization of working conditions among different groups of employees.

The second view, the view of „best fit“ also mentions a connection between human resource management practice and the advantages over competitors. Here, however, there is no belief in the existence of comprehensive solutions. Instead, everything depends on the specific circumstances of each organization. Policies and practices of human resources that „fit“ are required that are therefore eligible for certain employers. What is acceptable (or best) for one may not be acceptable to another. Basic variables include the size of business organizations, the dominant strategy that is implemented in the product market and the nature of the labor market in which the organization competes.

Therefore, it is claimed that a small organization, which reaches an edge over competitors, primarily with the introduction of innovations and that is competing in a very tight labor market, should have ready significantly different policies in the field of human resource policies of big companies that produce cheap goods and do not face problems in finding workers. In order to maximize competitive advantage, first one need informality with sophisticated human resource practices, while others need a system that is more bureaucratic and combined with human resource practices such as „cheap - without unnecessary details“.

RESUME

Large and rapid changes in today's world are reflected in all aspects of human life and work. Thanks to them, we have witnessed great changes in the areas of business and management. In the current managerial and business philosophy, words such as capital and value are increasingly tied to the people, their knowledge, skills, and their abilities. Personnel and their resources are becoming a major factor of competitiveness and

⁵⁴ Guest D.E., Michi J., Sheehan, M. and Conway, N. „*Employment relations, HRM and Business Performance*“. An Analysis of the 1998 Workplacer Employee relations survey, London CIPD 2000

organizational performance. The struggle for experienced managers, quality professionals, and young talents become the sharpest and most ruthless form of competition, so strong and obvious, that even now can be regarded as one of the key determinants of the 21st century.

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